

Consolidated financial statements and accountants' compilation report

Sports Shinko (Hawaii) Co., Ltd. (a wholly-owned subsidiary of
Sports Shinko (USA) Co., Ltd.) and Subsidiaries

December 31, 2002

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EXHIBIT 3

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Accountants and Business Advisors

Grant Thornton

Accountants' Compilation Report

To the Board of Directors and Shareholder
Sports Shinko (Hawaii) Co., Ltd.

We have compiled the accompanying balance sheet of Sports Shinko (Hawaii) Co., Ltd. (a Hawaii corporation and a wholly-owned subsidiary of Sports Shinko (USA) Co., Ltd.) and Subsidiaries as of December 31, 2002, and the related statements of operations and accumulated deficit, and cash flows, and the supplementary information presented herein, for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements or supplementary information and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures, presentation of which is required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the company's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

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Sports Shinko (Hawaii) Co., Ltd.
 (a wholly-owned subsidiary of Sports Shinko (USA) Co., Ltd.)
 and Subsidiaries

CONSOLIDATED BALANCE SHEET

December 31, 2002

See Accountants' Compilation Report

ASSETS

Cash	\$
Accounts receivable, less allowance for doubtful accounts of	
Prepaid expenses and deposits	
Due from Resort Management	
Notes receivable - KG	REDACTED
Interest receivable - KG	
Receivables - KG affiliates	
Property and equipment, net	
	\$

LIABILITIES AND SHAREHOLDER'S EQUITY (DEFICIT)

Accounts payable and accrued liabilities	\$
Customer deposits and deferred income	
Loan payable-bank	REDACTED
Long-term debt - affiliates	
Accrued interest, due to shareholder and affiliate	
Shareholder's equity (deficit)	
Common stock; no par, 20,000 shares authorized; 19,998 shares issued and outstanding	\$
Additional paid-in capital	
Accumulated deficit	
Less notes and interest receivable, shareholder, affiliates, and other	
	\$

REDACTED

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Sports Shinko (Hawaii) Co., Ltd.
 (a wholly-owned subsidiary of Sports Shinko (USA) Co., Ltd.)
 and Subsidiaries

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED DEFICIT

Year ended December 31, 2002

See Accountants' Compilation Report

Other income (expenses)

- Loss on foreign currency exchange
- General and administrative
- Interest income

Loss from continuing operations

Discontinued operations

- Golf course operations
- Income from discontinued golf course operations
- Adjustment to estimated loss on sale of golf course operations

Hotel operations

- Loss from discontinued hotel operations
- Adjustment to estimated loss on sale of hotel operations

Loss from discontinued operations

NET LOSS

Accumulated deficit at January 1, 2002

Accumulated deficit at December 31, 2002

~~REDACTED~~~~REDACTED~~~~REDACTED~~CONFIDENTIAL
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Sports Shinko (Hawaii) Co., Ltd.
(a wholly-owned subsidiary of Sports Shinko (USA) Co., Ltd.)
and Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2002

See Accountants' Compilation Report

Cash flows from operating activities:

Net loss

Adjustments to reconcile net loss to net cash

used in operating activities of continuing operations:

Loss from discontinued operations

Depreciation and amortization

Loss on foreign currency exchange

Increase in accrued interest receivable

Increase in other

REDACTED

Net cash used in operating activities of continuing operations

Cash flows from investing activities:

Proceeds from sale of property

Payments on debt

Advances to affiliate

REDACTED

Net cash provided by investing activities
of continuing operations

Net cash provided by discontinued operations

NET DECREASE IN CASH AND CASH EQUIVALENTS

Cash and cash equivalents at January 1, 2002

Cash and cash equivalents at December 31, 2002

REDACTED

Supplemental disclosures of cash flow information

In connection with the sale of its property, the company received a note receivable from the buyer in
the amount of _____ and the loan payable to the bank in the amount of _____ was paid off.

REDACTED

REDACTED

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SUPPLEMENTARY INFORMATION

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Sports Shinko (Shanghai) Co., Ltd.
 A wholly-owned subsidiary of Sports Shinko (USA) Co., Ltd.
 and Subsidiaries

CONSOLIDATING BALANCE SHEET

December 31, 2002

See Accounts Computation Report

ASSETS	Sports Shinko (Shanghai) Co., Ltd.	Sports Shinko (Malaysia) Co., Ltd.	Sports Shinko (Kuala Lumpur) Co., Ltd.	Sports Shinko (Pakistani) Co., Ltd.	Sports Shinko Ramon Hand Corporation Co., Ltd.	Sport Shinko SPP Corporation Co., Ltd.	Sport Shinko International Corporation Co., Ltd.	Sport Shinko Asia Corporation Co., Ltd.
Cash	\$ 1							

Accounts receivable

Prepaid expenses and deposits

Due from Rason Management

Notes receivable - KG

Interest receivable - KG

Receivables - KG affiliated

Equipment, net

Investment in subsidiary companies

LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)

Accounts payable and accrued liabilities

Customer deposits and deferred income

Debt - bank

Debt - affiliates

Accrued interest due to shareholder and affiliate

Shareholder's equity (deficit)

Common stock

Additional paid-in capital

Accumulated deficit

REDACTED

REDACTED

Sports Shinko Hawaii, Co., Ltd.
 A wholly-owned subsidiary of Sports Shinko (USA), Co., Ltd.
 and Subsidiaries

CONSOLIDATING STATEMENT OF OPERATIONS

Year ended December 31, 2002

See Accountants' Compilation Report

	Sports Shinko (Hawaii) Co., Ltd.	Sports Shinko (Malau) Co., Ltd.	Sports Shinko (Kauai) Co., Ltd.	Pukalani SIP Co., Ltd.	Sports Shinko Report Corporation	Japan account	Consolidating entries	Debit	Credit	Total
Revenue										
Hotel										
Golf course										
Public utility										
Total revenue										
Departmental expenses										
Hotel										
Golf course										
Public utility										
General and administrative										
Total departmental expenses										
Gross operating (loss) income										
Other (income) expenses										
Loss on foreign currency exchange										
Loss (gain) on sale of assets										
Interest, net of interest income										
Depreciation and amortization										
Total other expenses										
NET LOSS INCOME										

REDACTED

REDACTED

REDACTED

Sports Shinko (Nisshin) Co., Ltd.
a wholly-owned subsidiary of Sports Shinko (Iwaki) Co., Ltd.
and Subsidiary

CONSOLIDATING BALANCE SHEET

December 31, 2002

See Accountants' Compensation Report

	<u>Sports Shinko (Nisshin) Co., Ltd.</u>	<u>Sure Transport Co., Ltd.</u>	<u>Consolidation comes Credit</u>	<u>Total</u>
ASSETS				

Cash

Accounts receivable

Prepaid expenses and deposits

Due from Resort Management

Note receivable-KG

Interest receivable-KG

LIABILITIES AND SHAREHOLDER'S EQUITY (DEFICIT)

Accounts payable and accrued liabilities

Debt

Accrued interest, due to shareholder and affiliate

Shareholder's equity (deficit)

Common stock

Additional paid-in capital

Accumulated deficit

Less notes and interest receivable, shareholder, affiliates, and other

REDACTED

REDACTED

REDACTED

Sports Shinko (Mililani) Co., Ltd.
 (a wholly-owned subsidiary of Sports Shinko (Hawaii) Co., Ltd.)
 and Subsidiary

CONSOLIDATING STATEMENT OF OPERATIONS

Year ended December 31, 2002

See Accountants' Compilation Report

	Sports Shinko (Mililani) Co., Ltd.	Sure Transportation Co., Ltd.	Consolidating entries	Debit	Credit	Total
Revenue						
Golf Course						
Total golf revenue						
Other operating departments						
Total revenue						
Departmental expenses			REDACTED			
Operating expenses						
			REDACTED			
Total golf expenses						
General and administrative						
Real property tax and insurance						
Total insurance and real property tax						
Total departmental expenses						
Gross operating income (loss)		REDACTED				
		REDACTED				
Other expenses						
Loss on sale of assets						
Interest, net of interest income						
Depreciation and amortization						
Total other expenses						
NET (LOSS) INCOME						

Sports Shinko Resort Hotel Corporation
(a wholly-owned subsidiary of Sports Shinko (Frascati) Co., Ltd)
and Subsidiaries

CONSOLIDATING BALANCE SHEET

December 31, 2002

See Accountants' Compilation Report

	Sports Shinko Resort Hotel Corporation	Ocean Resort Hotel Corporation	Sports Shinko (Makiki) (Corporation)	Outstanding credits Debit	Credit	Total
ASSETS						
Cash						
Accounts receivable						
Prepaid expenses						
Due from Resort Management						
Notes receivable - KG						
Interest receivable - KG						
Receivable - KG affiliates						
Investment in subsidiary companies						

LIABILITIES AND SHAREHOLDERS EQUITY DEFICIT

Accounts payable and accrued liabilities
Customer deposits and deferred income
Long-term debt
Accrued interest, due to shareholder and affiliate
Shareholder's equity (deficit):
Common stock
Additional paid-in capital
Accumulated deficit

REDACTED REDACTED REDACTED

Sports Shinko Resort Hotel Corporation
 (a wholly-owned subsidiary of Sports Shinko (Hawaii) Co., Ltd.)
 and Subsidiaries

CONSOLIDATING STATEMENT OF OPERATIONS

Year ended December 31, 2002

See Accountants' Compilation Report

	Sports Shinko Resort Hotel Corporation	Ocean Resort Hotel Corporation	Sports Shinko (Waikiki) Corporation	Consolidating entries	Debit	Credit	Total
Revenue							
Rooms							
Food and beverage							
Telephone							
Other operating departments							
		REDACTED					REDACTED
Total revenue							
Departmental expenses							
Rooms							
Food and beverage							
Telephone							
Property operations and maintenance							
Energy							
Sales and marketing							
General and administrative							
Real estate taxes and insurance							
Total departmental expenses							
Gross operating loss							
Other (income) expenses							
Loss on foreign currency exchange							
Estimated loss on sale of hotel operations							
Interest, net of interest income							
Depreciation and amortization							
		REDACTED					REDACTED
Total other (income) expenses							
NET INCOME (LOSS)							

Sports Station Waikiki Corporation
A wholly-owned subsidiary of Sports Station Hawaii, Inc., Ltd.
and Subsidiaries

CONSOLIDATING BALANCE SHEET

December 31, 2002

See Accounting Comparison Report

	Sports Statio Waikiki Corporation	Queen Kapiolani Hotel	Ocean Resort Hotel Waikiki	Consolidating entries	Debit	Credit	Total
ASSETS							

Cash

Accounts receivable

Prepaid expenses and deposits

Due from Resort Management

Notes receivable - KG

Interest receivable - KG

Receivable - KG affiliate

Investment in subsidiary company

REDACTED

REDACTED

LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)

Accounts payable and accrued liabilities

Customer deposits and deferred income

Debt

Accrued interest, due to shareholders and affiliate

Shareholder's equity (deficit):

Common stock

Additional paid-in capital

Accumulated deficit

Less notes and interest receivable, shareholder advances and other

REDACTED

REDACTED

Sports Shunko (Waikiki) Corporation
 (a wholly-owned subsidiary of Sports Shunko (Hawaii) Co., Ltd.)
 and Subsidiaries

CONSOLIDATING STATEMENT OF OPERATIONS

Year ended December 31, 2002

See Accountants' Compilation Report

	Sports Shunko (Waikiki) Corporation	Queen Kapiolani Hotel	Ocean Resort Hotel Waikiki	Consolidating entries	Debit	Credit	Total
Revenue							
Rooms							
Food and beverage							
Telephone							
Other operating departments							
Total revenue							
Departmental expenses							
Rooms							
Food and beverage							
Telephone							
Property operations and maintenance							
Energy							
Sales and marketing							
General and administrative							
Real estate taxes and insurance							
Total departmental expenses							
Gross operating (loss) income							
Other (income) expenses							
Loss on foreign currency translation							
Estimated loss on sale of hotel operations							
Interest, net of interest income							
Depreciation and amortization							
Total other (income) expenses							
NET (LOSS) INCOME							

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